

**Fiscal Impact Analysis for Compliance With City Council Policy 300-8 - Transparency in Labor Negotiations**  
**Cost of Costa Mesa Firefighters Association (CMFA) Contract**  
**Based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs**  
**Base Year Fiscal Analysis**

NOTE: The Base Year Fiscal Analysis has been updated based on current data that may not have been available during the 2017 negotiations.

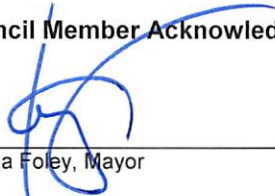
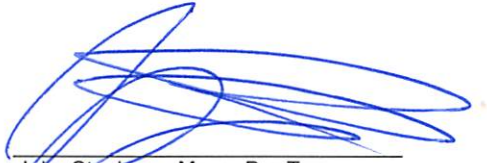



	Value of Pay/ Benefit	Estimated FY 19-20 Cost Based on 2017 Data (8)	Base Summary Existing Contract FY 19-20 Cost to City (1)	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary (7)		\$ 8,072,396	\$ 8,089,336				
Pension / Retirement Benefits (2)	3.0% @ 50	6,445,237	7,562,098	\$ 72,484,330 (2)	\$ 72,484,330	\$ 118,560,968 (2)	\$ 118,560,968
	2.0% @ 50	Included Above	Included Above				
	2.7% @ 57	Included Above	Included Above				
Cafeteria Plan Benefits	\$25,428/month	1,856,244	2,008,812				
Bilingual Pay	5.00%	124,122	133,392				
Bilingual Pay	2.50%	19,746	22,232				
Certification Program (6)	varies	651,860	651,860				
Fire Administration Assignment	10.00%	12,840	12,841				
Paramedic Pay (7)	varies	21,871	264,276				
Uniform Pay	\$442	0	26,078				
Holiday Allowance	134.4 hrs/year	323,113	385,852				
Longevity Pay	frozen	2,268	2,760				
Tuition Reimbursement	\$1,500/year	18,250	18,250				
Estimated Costs:							
Medicare	1.45%	132,525	136,757				
Retiree Medical (3)	6.04%	494,886	494,886				
Built-In Overtime	78.21 hrs/yr	474,926	474,926				
Excess Overtime (4)		1,755,353	2,685,483				
OT Impacts of Flores Case		538,355	538,355				
Excess Accrual Payoff / Cash Outs (5)		39,475	95,877				
<b>Subtotal</b>		<b>\$ 20,983,467</b>	<b>\$ 23,604,072</b>				
True-Up of Pension Estimates to Actual Costs		1,116,861	-				
True-Up of Overtime Estimates to Actual Costs		930,130	-				
True-Up of Other Estimates to Actual Costs		573,614	-				
<b>Total</b>		<b>\$ 23,604,072</b>	<b>\$ 23,604,072</b>				
Total Number of Employees		73	79				

Notes:

- (1) - Cost of Contract per item based on FY 2019-20 Adopted Budget and in some cases, FY 2018-19 expenses (actuals). There are no further base salary increases in the existing contract.
- (2) - A number of changes have been made over the past three years by CalPERS that have caused an increase in annual PERS costs that were unanticipated at the time the COIN analysis was completed in 2017. These include changes to a number of key assumptions when calculating the Net Pension Liability, including the reduction of the discount rate and a decrease in the amortization period. The liability amounts are from the June 30, 2018 CAFR for the City's Safety Fire Plan.
- (3) - Rate per employee is not explicit in the contract, however is calculated based on the previously calculated annual required contribution (ARC) calculated by Nyhart, an independent actuary. In FY 2018-19 the City implemented GASB 73 which changed the reporting standards for retiree medical. To remain consistent, we will use the amounts in the previous fiscal impact analysis.
- (4) - Excess overtime is not implicit in the contract, however is estimated based on the amount spent in FY 2018-19 less the built-in overtime amounts above and overtime reimbursed by 3rd parties totaling \$197,584. The calculation used in the previous fiscal impact analysis was based on adopted budget at that time which has been held constant for several years, therefore it was not reflective of actual costs. Over the last 5 years, the Fire Department has been working towards reducing overtime costs and has been successful in bringing the amount closer to the budget amount.
- (5) - Excess Accrual Payoff / Cash Out is not explicit in the contract, however is estimated based on the amount spent in FY 2018-19. The amount used in the previous fiscal impact analysis was based on the budgeted amounts at that time. Amount could include payoff of accrued hours upon separation.
- (6) - Certification pay was held level with the previous fiscal impact analysis. This amount will fluctuate based on the certificates each employee receives.
- (7) - The City has changed its budgeting for Paramedic Pay since the previous fiscal impact analysis was completed. Previously, the Paramedic Pay was included in the Base Salary line, with the exception of recertifications. Currently, the Paramedic Pay is budgeted for separately.
- (8) - This represents the estimates projected for Fiscal Year 2019-20 from the COIN analysis completed when the current MOU was negotiated in 2017.

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**Council Member Acknowledgement:**

  
\_\_\_\_\_  
Katrina Foley, Mayor  
\_\_\_\_\_  
John Stephens, Mayor Pro-Tem  
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Sandra Genis, Council Member  
\_\_\_\_\_  
Allan Mahsoor, Council Member  
\_\_\_\_\_  
Andrea Marr, Council Member  
\_\_\_\_\_  
Arlis Reynolds, Council Member  
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Manuel Chavez, Council Member

## Transparency in Labor Negotiations Fiscal Impact Analysis Certification

***City of Costa Mesa Council Policy 300-8 states:***

**2. Economic Analysis**

- a. The Finance Director shall prepare an economic analysis on the fiscal impacts of each term and condition of employment made available to the members of all recognized employee organizations. The economic analysis must be verified by an independent auditor.
- b. The economic analysis shall be updated with each proposal and counterproposal presented throughout the negotiation process and posted on the website along with all proposals and counter proposals.
- c. The economic analysis shall be prepared in the format shown on Attachment A and shall include written council member acknowledgment that the analysis has been reviewed by the council member.

***Certification:***

In accordance with this section, Lance, Soll & Lunghard, LLP has reviewed the fiscal impact analysis related to the Base Year based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs and the related study of supplemental data prepared by the City and believe that they accurately reflect the fiscal impacts of the proposal.



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